

## **Russian Geopolitical Efforts, Crisis and Transit: Is Belarus Lucky Again?**

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### **Questions for discussion:**

**1. It has been a couple of months now that the Russian foreign political efforts have been focused exclusively on maintaining political and geopolitical control over the “near abroad” (the Post-Soviet states). As part of this campaign Russia has been trying hard to thwart the plans of the West to extend its influence in some key regions, namely, in Eastern Europe, Central Asia and the Caucasus. Russia seems to be using the financial carrot as an instrument of foreign policy much more frequently now that the global crisis has showed its real face, whereas in times of cheap money and high oil prices Russia did not mind the stick. How can we define the goals and methods of the Russian foreign political efforts in its immediate surroundings amid the crisis? Why does Russia impose budgetary and financial limitations on its satellites during the economic boom and why does it remove them when things get dire, not the other way round?**

**2. What is there in this strategy for Belarus? Does Russia pursue some definite political objectives, like the recognition of Abkhazia and South Ossetia? How can this policy of the eastern neighbor impact the liberalization campaign in Belarus and its dialogue with the European Union?**

**3. Finally, how should Belarus interpret the new energy deal between Ukraine and the European Union and how should it respond to the reaction of the Kremlin administration?**

The global financial and economic crisis has called for serious adjustments to the Russian foreign policy in general and to its CIS-related efforts in particular. Now that federal budget revenues and corporate receipts have plummeted, the importance of transit countries that surround Russia is increasing day after day, because the transit infrastructure of its neighbors has remained the only way for Russia to communicate with the outer world for many years now. Under the circumstances, Russia tends to get back to tried and tested methods.

**The new policy of the Russian Federation towards its neighbors that separate it from the rest of the world is based on an upgraded version of the Yeltsin-style regional strategy.** The period of the "pragmatic turn", that is, the implementation of the "Putin doctrine" is over. The differences between the former and the latter, insignificant as they seem, are fundamental. Both strategies use the economic, or rather political economic levers (finance, energy supplies, trade preferences contingent upon political contracts, or tacit conventions) as key instruments to exercise control over potential allies – this is a matter of continuity. But there has been a dramatic shift of emphasis, and the same is true for application points – and this is a break from the past.

The Russian foreign political concept, adopted in 2008, prior to the crisis, needed regular updates, as it had been based on the positive pre-crisis trends extrapolated to the future (especially as far as the situation on the global energy market is concerned). Secondly, there was a natural gap between the regulatory framework of foreign political initiatives and their practical implementation. For instance, the ideological cliché "energy superpower" that used to be cherished by the Russian political elite (personified by Gazprom's own general V. Putin) was never mentioned in the official foreign political concept.

The basic principles of the Russian foreign policies towards the CIS member states under Putin were as follows: (1) the upward price trends were pushing the federal budget and super profits of suppliers of raw materials to new highs; (2) Russia managed to accumulate reserves that could be used as investments in new solutions and infrastructure; (3) additional possibilities meant additional foreign political ambitions: the giant infrastructure projects to deliver energy to Europe and Asia bypassing transit countries and haggling that included blocking of supplies via alternative transit routes encouraged the illusion of an "energy superpower" whose worthy partners are Europe or the whole world rather than the CIS neighbors.

Fundamental changes in the vision are only natural.

The succeeding phase of the "rape of Europa" is completed in the following way: the global economic crisis, which may end in a political crisis in Russia (since the pyramid of energy managers almost coincides with the administrative pyramid), followed by a series of "small victorious wars" that are won through the use of conventional weapons and energy weapons (Georgia and Ukraine), and finally, a complete fiasco of the major foreign political endeavor, when even the CIS and Collective Security Treaty Organization (CSTO) partners decline to legitimize the results of the Russian-Caucasian campaign.

**It appears that Russia has found itself in isolation or semi-isolation, backsliding to the borders the Russian statehood used to have before Peter the Great (actually, those borders are not available to Russia, either; see below).** Another sharp disappointment is that the upward price trend was over in no time at all. The years of the economic boom were marked by hikes in consumption and production of consumer goods. But when it comes to traditional and new communications (motorways, railroads, pipelines, sea and river ports, air transport service, telephony, etc.) and high technologies (including new types of weapons), the progress was comparatively slow. We cannot deny serious achievements, especially new pipeline projects and new arms, but many large-scale projects have yet to be launched. The second high-speed Moscow-Nizhni Novgorod connection is expected in 2009, and so is the beginning of the BTS-2 pipeline construction. The Eastern Siberia-Pacific Ocean (VSTO) oil pipeline will be launched in 2010, and the same year is the deadline for the North European Gas Pipeline (SEG). The Russian army will be rearmed and reequipped between 2010 and 2015. Vostochnyi space launch complex is projected to be completed and ready for operation in 2015. But the list of large infrastructure projects that Russia may have to postpone and revise is much longer than the one above. Should all these projects be completed in time, Russia could drastically reduce its dependence on its transit neighbors and secure its defense self-sufficiency, that is, without its CSTO partners.

**The two trends we mentioned earlier – isolation and briefness of oil price increases – stand behind the dramatic break with the upward “pragmatism” inherent in the Putin era. Like we said, Russia finds itself thrown back to the borders that it no longer has.**

Russia's state borders with the CIS, including those with Ukraine and Georgia, lack border infrastructure or border and customs control. The busiest transport routes have traveling customs stations assigned to them in order to monitor commodity traffic, but the borders are nominal and easily permeable. Nearly all Russian borders are conventional, as they are not fixed in interstate agreements with the neighbors – there was no delimitation of border territories, to say nothing of the official demarcation of state borders. Furthermore, even these conventional borders are still challenged by neighboring countries, like the maritime borders with Ukraine or the Caspian Sea borders.

Had Russia been able to arrange a Global Bypass of the Transit Buffer, the next phase would probably have been a demarcation of its borders, and all tariff disputes would be settled very fast and easily. But Russia slides back to the Yeltsin times approaching the countries that act as its borders: brothers, could I pass with my goods? BTS-2 does not seem effective enough to blackmail Belarus and Ukraine, and it is harder and harder to give Kazakhstan heavy hints that Baikonur Cosmodrome would be shut down in just five years.

Under the circumstances, Russia's tactics and strategies may be dual: it can use force and weapons (Georgia and Ukraine) or give the tested method of buying allies another try. As a result, Russia will start ... no, not swallowing the post-Soviet space, like many analysts believe, but forcedly use or develop the defense system (like the united air defense plan with Belarus) or infrastructure facilities of adjacent countries, extend soft loans, etc. Political loyalty is secondary here – apart from loans and subsidies to loyal Belarus, Armenia and [Kyrgyzstan](#), and a U.S. \$7.5 billion contribution to the Eurasian Economic Community (EurAsEC) bail-out fund, which amounts to U.S. \$10 billion, Russia came to an agreement with Ukraine's Prime Minister Yulia Tymoshenko and was ready to lend [U.S. \\$5 billion to disloyal Ukraine](#). Despite its bitter grudge against Ukraine for its [agreement with Brussels](#) on modernization of the Ukrainian gas transport system, Russia is not ready to deny Ukraine a loan or rule out the possibility of taking part in the overhaul of Ukrainian pipes in partnership with Brussels and Kiev.

**For Belarus, the global crisis does not necessarily mean a phase-out of various preferences that Russia used to offer when there was nothing to worry about, but on the contrary, the global meltdown prevents Russia from phasing down its policy of preferences as an instrument to haggle over a wide range of issues.**

The reason is simple: there are few blackmail options for Russia now that the Bypass capabilities are limited.

**Belarus thus acquires additional opportunities aside from Russian loans and concessional gas prices.** The Belarusian approach to modernization, both in the manufacturing sector and infrastructure, looks a lot like Russian strategies: because of the excess centralization of economic policies, Belarus, like its eastern neighbor, had scheduled most of its state-financed programs of modernization and upgrade to be completed after 2010. It is clear, though, that amid the crisis all resources must be channeled into support for the financial system, manufacturers and outlets, while modernization programs will have to be postponed yet again.

However, Russia's interest in the upgrade and refitting of the Belarusian infrastructure will be growing stronger, especially as far as defense facilities, transport, customs-and-border infrastructure and gas and oil pipelines are concerned. Once they signed a common air defense system deal with their Russian counterparts, the Belarusian

authorities expect substantial assistance of its ally in the rearmament and reequipment of Belarusian armed forces with modern weapons.

**Belarus will also have a better chance of having Russian investors modernize its Druzhba oil main, which has been half-empty lately: the northern spur stands idle because of the launch of the alternative BTS-1, while the BTS-2 project threatens the southern string of Druzhba.** Anyway, it is much harder for Russia to find internal resources to finance BTS-2, while external borrowings are getting costlier, so it looks like Belarus needs just a couple of short steps towards Russia (minor concessions include plans for both Druzhba oil transporters to go public as early as 2009) to lure Russian oil majors back into the shared use of the Belarusian pipes.

**The construction of the second string of Yamal-Europe also seems likelier.** Moreover, the recent agreement between Ukraine and Brussels regarding the modernization of the Ukrainian gas transport system may encourage Belarus to advance its Yamal-Europe-2 project. [The emotional reaction](#) of Vladimir Putin's government to the Ukraine-EU deal brings Belarusian and Polish lobbyists fresh hopes that they will eventually pull it off.